

April 9, 2003

RECEIVED

APR 10 2003

BY HAND DELIVERY

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

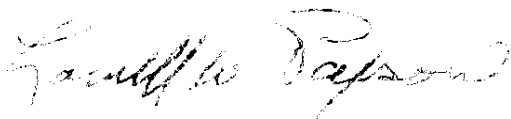
Chairman Michael K. Powell
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, DC 20554

RE: CS Docket No. 98-120

Dear Chairman Powell:

The attached article in Wednesday's **USA** Today clearly shows why we must have full digital multicast must-carry **NOW!**

Very truly yours,



Lowell W. Paxson
PAXSON COMMUNICATIONS CORPORATION
Chairman & CEO

Attachment

cc(w/attach.): Commissioner Kathleen Q. Abernathy (by hand delivery)
Commissioner Michael J. Copps (by hand delivery)
Commissioner Kevin J. Martin (by hand delivery)
Commissioner Jonathan S. Adelstein (by hand delivery)

No. of Copies rec'd 014
List A B C D E

~~Today~~ Newspaper stories

Page 1B

Little headway in HDTV impasse Digital signals pit broadcasters vs. cable operators

By Paul Davidson
USA TODAY

The standoff between TV broadcasters and cable companies that has slowed the nation's transition to high-definition television shows little sign of movement.

After sporadic talks, cable firms remain reluctant to carry broadcasters' HDTV channels. The issue is largely money and eventually could spur higher cable prices. At the urging of Federal Communications Commission Chairman Michael Powell, TV and cable honchos met in December and March. They agreed to meet again, but no date has been set.

The impasse continues amid new momentum for HDTV. With average prices for sets down 50% since 1998 to \$1,800, sales rose 73% last year. Most CBS and ABC prime-time shows and many sports events are available in HDTV. NBC's number is growing.

Cable has made some HDTV shows available to about 45 million homes but mostly on cable networks such as HBO and Discovery. Currently, 809 of the nation's 1,300 broadcast stations beam HDTV channels, but only 75 are carried on cable.

Cable carriage of broadcasters is vital to broad HDTV adoption because 70% of U.S. households get their TV via cable, and broadcast stations draw half the TV audience.

Cable companies say they don't have the capacity to carry both a station's analog and digital channels. And they argue that many stations use their digital channel mostly for lower-quality standard digital, not HDTV.

Edward Fritts, president of the National Association of Broadcasters, disagrees, saying cable systems favor channels in which they own stakes, such as Discovery.

Cable operators also refuse to pay the fees many stations want for their HDTV channels. "The neighbor (with an antenna) gets it for free," says

Robert Sachs, president of the National Cable & Telecommunications Association.

Broadcasters don't apologize for seeking fees. "We believe our (HDTV) signals are valuable" and give cable a leg up against satellite, says Martin Franks, executive vice president of CBS, which owns a third of its local affiliates. David Smith, CEO of station owner Sinclair Broadcast, says he wants to recoup the \$150 million spent to upgrade to digital.

The FCC is pushing for a deal to speed the switchover and to reclaim the valuable spectrum it gave stations for the transition. But, while cable systems must carry broadcasters' analog signals, the FCC is not expected to make them carry the digital channel at the same time.

Forrester Research analyst Josh Bernoff suggests letting cable systems charge \$10 a month for an HDTV tier and share the revenue with stations. FCC officials, who'd have to approve such a fee, say they are weighing it.

Front Page News [Money](#) [Sports](#) [Life](#) [Tech](#) [Weather](#) [Marketplace](#)
[USA TODAY Travel](#) [USA TODAY Job Center](#)
[Terms of service](#) [Privacy Policy](#) [How to advertise](#) [About us](#)
© Copyright 2003 USA TODAY, a division of Gannett Co. Inc.